



The Low & Bonar Group Limited
Packaging · Engineering · Textiles

1978
Report & Accounts

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Front cover—*An important role in the group's overall performance is played by the engineering companies. The electrical, mechanical, metallurgical and instrumentation products they manufacture for customers all over the world provided 30% of the group's earnings last year.*

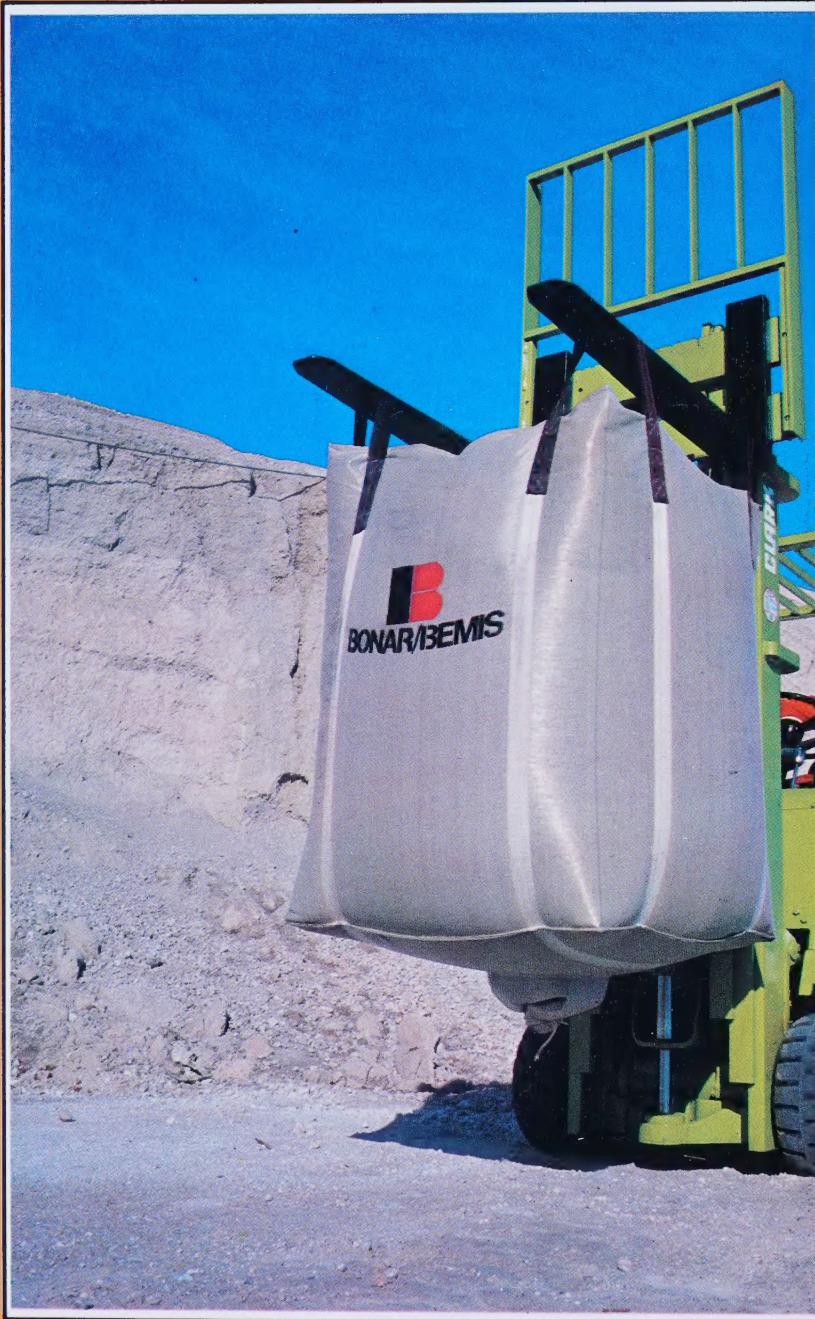
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Financial highlights	1978 £000	1977 £000
Turnover	142,624	113,317
Profit before taxation	8,661	7,102
Profit available for distribution	4,698	2,747
Dividends, paid and proposed	1,372	1,240
Assets employed	52,019	48,828
Earnings per 50p ordinary share	35.22p	31.39p
Dividends per 50p ordinary share	12.1605p	10.89p

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Directors

Directors

A J M Miller DSC VRD Chairman
B G Gilbert Managing
VS Lowden DSC
*G C Bonar
J M Fraser CA
*D H de Trafford VRD
H C Bowron FCA

**Non executive*

Secretary

D A Reid

Registered office

63/73 King Street
Dundee DD1 9JA

Auditors

Thomson McLintock & Co CA
Royal Exchange
Dundee DD1 1DZ

Solicitors

Fergusson, Robertson & Norrie
40 Castle Street
Dundee DD1 3AQ

Registrar

The Royal Bank of Scotland Limited
PO Box 27
31 St Andrew Square
Edinburgh EH2 2AB

Bankers

The Royal Bank of Scotland Limited
Barclays Bank Limited
National Westminster Bank Limited

Merchant Bankers

Robert Fleming & Co Limited

Brokers

Hoare Govett Limited

It is most encouraging that our results for 1978 represent a significant step towards improving the quality and source of our earnings, in line with the policy stated in my report last year.

The group's profits before tax for the year ended 30 November 1978 were £8.7 million, compared with £7.1 million in 1977, an increase of 22%. This improvement was achieved in spite of adverse currency movements, amounting to £445,000, caused mainly by the decline of the Canadian and Zambian currencies against the pound during the period under review.

Earnings per share reached a record 35.22p, rising 3.83p from 31.39p in the previous year.

The consolidation for a full year of the companies acquired during 1977, together with better performances from other companies, particularly Flotex, have been the chief reasons for the increase in our profits. Shareholders will see that the analysis on page 15 reveals an improvement to the balance of the group's profits in geographical terms, with the United Kingdom contributing 41% in 1978, compared with 29% in 1977.

In my report to you in 1977 I indicated that the group was reorganising and rationalising its packaging division in both the UK and Canada. This task has largely been completed and the benefits now coming through will be reflected in the current year's results.

No major acquisition was made during 1978 because the board wished to integrate into the group those companies acquired in 1977 and to concentrate on the reorganisation of the packaging division. Three small companies overseas, which offer opportunities for development and are earning a satisfactory return, were acquired during the year. These acquisitions were financed from local funds.

During 1978 we invested £6.5 million in our capital expenditure programme; the figure budgeted for the current year is £7.7 million. This investment continues our policy of ensuring that subsidiary companies have the means of operating competitively. In order to reduce the financing costs of this programme

a substantial part of our investment portfolio was realised. The capital gain of £1.5 million is included in the accounts under extraordinary items, as are redundancy payments, and also other costs relating to the reorganisation of the packaging division.

The overall rate of tax in the consolidated accounts is 47.25% compared to 48.7% in 1977. The reduction is mainly due to the continuing application of inventory and investment tax credits in Canada.

The treatment of deferred taxation has not been altered in these accounts and the policy of providing full deferral for timing differences has been continued. Although the provisions of the accounting standard for deferred taxation have been reviewed, it is not considered the appropriate time to implement any alterations to the group's policy, particularly in view of possible legislation affecting the basis on which stock relief clawback is cancelled.

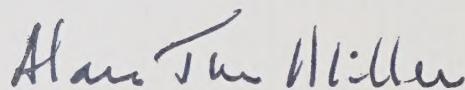
Bank borrowings remained substantially unchanged at £13.7 million, which is a creditable performance given the need to finance the group's expanding operations, capital expenditure of £6.5 million and re-organisation costs.

The unsatisfactory restrictions on the remittance of dividends and trade debts from certain overseas subsidiaries, to which I referred last year, remained unchanged.

Results for the first quarter in Canada and Africa are generally satisfactory. In this same period, however, the profits of our UK companies have been somewhat disappointing. They were adversely affected by disruptions to some of our UK operations as a result of the road haulage strike and the attendant picketing of our premises and those of our customers and suppliers. Inevitably the increased costs arising from the disruptions have had an effect on profit margins. Consequently, whilst we are making determined efforts to recover from the effects of the strike, we cannot yet assess whether the total shortfall can be recovered in the remaining months of the year.

Mr H C Bowron, previously managing director of the GHP engineering group acquired in 1977, and now chief executive of our engineering division, accepted an invitation to join the parent company board on 26 May 1978. His wide general management experience will be of great advantage to the board of directors. On 30 November 1978 Mr R F Dent, formerly chairman of the Bibby & Baron group of companies, retired at the age of 65. I am sure that shareholders will join me in wishing him and his wife a long and happy retirement.

Considering the problems and challenges which bear on everyone in industry in the UK and in many of our overseas subsidiaries, I consider our results for 1978 are good and I would like to pay tribute to all our employees around the world who, by their dedicated and loyal efforts, have made them possible.



Alan J M Miller

Packaging division

Turnover £64.128 million
Profit before tax £ 2.12 million

UK

In spite of difficult marketing conditions in some sectors of the UK packaging industry and the implementation of a major reorganisation programme in the group's paper bag operations, the UK companies achieved a pre-tax profit of £555,000 against the 1977 figure of £289,000.

The reorganisation involved the closure of the Widnes factory, the elimination of unprofitable products, the streamlining of manufacturing facilities in Bury and, regrettably, a reduction of the workforce. As a result of these measures the paper bag operations made a profit during the last quarter of the year.

The companies involved in the production of flexible films, cartons and protective packaging recorded good profits for the year. Low & Bonar Packaging Limited has been licensed by British Cellophane Limited as the sole UK manufacturer of the new *GDA* pallet wrap film, other than BCL itself, and the company is optimistic of its market potential.

Capital expenditure in UK packaging companies during the year totalled £1.3 million. New extrusion facilities, further printing capacity for carton production, plus polythene bag making machinery, formed the bulk of the investment, together with the installation of the latest data processing equipment in the division's main UK operations. Capital expenditure for the current year is scheduled to reach £2.3 million.

John Wild & Sons Limited, the paper making company, made a small profit for the year but failed to achieve an acceptable return on capital. Its future is inevitably tied in with that of its industry for which a rationalisation programme is overdue.

Canada

In dollar terms the group's Canadian companies, Bonar & Bemis Limited and Bonar Packaging Limited, increased their profits by 30%. The cost cutting and product rationalisation measures referred to in last year's report were completed during the year and will result in an improvement in the companies' future profitability.

As part of the reorganisation programme the Montreal and Vancouver factories were closed,

with production being transferred to plants in Burlington, East Angus and Calgary.

£1 million is being spent on the expansion of the existing premises in Calgary and East Angus. Between them the two operations now total a quarter of a million square feet of production space and will accommodate those lines previously manufactured in Montreal and Vancouver and also allow for future increased demand.

During 1978 our operations enjoyed an increased level of activity and this movement, combined with an increase in the selling price of a number of our products, resulted in an uplift in profits for the year and gives rise to a confident outlook for 1979. The weakness of the Canadian dollar against its US counterpart enabled our companies to benefit from their customers' increased export activity.

Two important licensing arrangements were concluded during the year, granting group companies the right to manufacture specialised products in Canada. A new bulk container was launched by the Winnipeg plant and the immediate demand for the product has been very encouraging. Under the terms of the second agreement Bonar & Bemis has exclusive rights to manufacture packaging from a specially developed biodegradable plastic.

Active steps are being taken in Canada to extend the group's range of products and markets into other areas of the plastics and packaging industries. To this end during the current year we have acquired one of Canada's leading manufacturers of rotationally moulded plastic products.

Our associate company, Prince Edward Island Bag Co Limited, had another successful year; its developing agricultural machinery division was an important element in this success.

Engineering division

Turnover £42.177 million
Profit before tax £ 2.836 million

UK

1978 was a year of mixed fortunes for companies in this division. As forecast last year intense competition continued to put pressure on margins in some of our operations, although companies generally were as busy as in 1977.

Bonar, Long & Company Limited was the

prime sufferer from reduced margins and its profits fell substantially from the record level of 1977.

Brentford Electric Limited earned an acceptable profit, maintaining a healthy order book in spite of growing competition. This company continues to develop new technically advanced products and since the end of 1978 it has increased its production capacity at Crawley.

E N Bray Limited further strengthened its position in the market and had an excellent year. The development programme of the company has shown considerable advances and will assure future growth.

Bonar Cruickshank Power Engineering Limited had a very satisfactory year, with major overseas work in progress.

Langley Alloys Limited suffered from the low UK demand for its type of products and the continuing shortage of skilled labour in SE England. This latter problem has caused the company to expand its operations in Blaenavon, South Wales and Bradford. This action, coupled with product development and a rationalisation exercise, should result in an improved profit performance in 1979.

Hugh Smith (Glasgow) Limited, the group's heavy engineering subsidiary, completed a number of substantial orders during the year, making a satisfactory profit in the process. The £1.3 million extension to the company's manufacturing facilities, which includes the addition of 11,400 square feet of production space and the installation of new equipment, will be completed during the current year.

Counting Instruments Limited recorded a good year and it is anticipated that profit growth can be expected from this company in 1979.

McAlpine Humberoak Limited expanded its activities and involvement in the North Sea in 1978 and produced increased profits. The company is currently extending the scope and area of its offshore engineering operations.

South Africa

The group's transformer and switchgear manufacturing operation produced a satisfactory profit, but only 9 months' trading were consolidated as a result of a change in its year end. In the current year a general decline in demand for transformers and switchgear

from electricity boards and industry has affected all South African manufacturers.

Malaysia

The erection of the factory in Kuala Lumpur, for Malaysia Transformer Manufacturing Sdn Bhd, is nearing completion and production is scheduled to begin in July 1979.

Kenya

A 65% interest in Harrtz & Bell (1963) Limited, and its subsidiary, Mecol Limited, was acquired during the year. Harrtz & Bell is a general engineering company, while Mecol manufactures office and institutional furniture. Both companies are well established in Kenya and have good prospects for future growth.

Textiles division

Turnover	£44.460 million
Profit before tax	£ 4.426 million

UK

The last units of the group's traditional heavy textile business – flax spinning and weaving – were closed in 1978. Significant run down costs were incurred, but these were more than offset by the profit performance of the division's merchanting units.

Progress was made in the development and promotion of new ranges of furnishing and specialised fabrics. Production capabilities were upgraded by the installation of modern equipment during the year. This investment should produce benefits in the current year, but inevitably new developments take time to mature.

Polytape Limited and Synthetic Fabrics (Scotland) Limited, the group's Scottish based extruders and weavers of polypropylene, increased their profitability in 1978 and made a meaningful contribution to the group results. New looms and other equipment commissioned during the year assisted in this improvement. New products and plant are being developed to lessen the companies' dependence on the tufted carpet industry.

Flotex Limited, the carpet manufacturing subsidiary, had a successful year, confirming the board's confidence in this company. Sales outlets have been increased and a new

domestic product, *Flotex 21*, developed. Limited marketing of this product started in February 1979 and initial indications are encouraging.

Africa

Profits from African companies for the year under review were an improvement on those achieved in 1977.

The Zambian operations achieved similar profits to those of the previous year, in spite of the difficulties over raw material supplies and foreign exchange shortages. These problems continue and their effect on the current year's results is difficult to assess.

In Kenya Low & Bonar (EA) Limited had another good year with the expansion of its product range contributing to the company's improved performance. This subsidiary now manufactures protective clothing and leather goods in addition to its traditional tents and tarpaulins.

A promising start to the year by the group's operations in Nigeria was not sustained for the full twelve months, following government restrictions on expenditure which had the effect of slowing the economy and this continues to inhibit current trading.

The Nigerian government's policy of indigenisation of local industry required the group to reduce its shareholding in Tarpaulin Industries (WA) Limited to 40%. Steps have been taken to comply with this instruction by inviting local citizens and institutions to subscribe for a new issue of shares.

There was a marked improvement in the profit performance of the South African companies during the year, although they are still not earning an acceptable return on capital employed overall. Action is being taken to rectify this situation and in July, as an initial step, the group acquired Staflex (Africa) (Pty) Limited, which manufactures interlinings for the clothing industry. This operation, which is earning a satisfactory return, was purchased with local funds.

Belgium

The group's associate company, NV Fibrilo SA, which produces fibrillated polypropylene yarns for the woven carpet industries in France, Germany, Holland and Belgium, achieved an increase in profits and is earning a good return on capital.

Report of the directors

The directors present their report and the accounts of the company for the year ended 30 November 1978

Results for the year

£000

The net profit applicable to members of The Low & Bonar Group Limited is	4,698
The dividends paid and recommended are:	
1 First, second and third cumulative preference stocks	16
2 Fully paid ordinary shares:	
Interim dividend of 4.0p (already paid)	446
Recommended final dividend of 8.1605p	910
	1,372
Profit for the year retained	3,326

Dividends

The interim dividend and the recommended final dividend on the fully paid ordinary shares, together with their related tax credits, are equivalent to a total for the year of 18.15p per share, the maximum permissible under the government's counter-inflation legislation.

If the recommended final dividend is approved at the annual general meeting it will be paid on 1 June 1979 to those ordinary shareholders whose names appear in the register at the close of business on 30 April 1979.

Share and loan capital

On 1 November 1978 the holders of £75,484 of 12½% convertible unsecured loan stock 1982 exercised their right to convert that stock into fully paid ordinary shares of the company at the rate of one ordinary share for each £1.70 nominal of loan stock; 44,403 ordinary shares of 50p fully paid were allotted on that conversion.

Fixed assets

Changes in the fixed assets of the company and its subsidiaries are disclosed on pages 21 and 22.

Inflation accounting

The directors have considered the inclusion of an inflation adjusted statement but have decided that it would be inappropriate at this time having regard particularly to the fact that a further exposure draft on this subject is expected.

Principal activities of the group

Details of these activities, and of changes in them during the year, are given in the statement by the chairman, in the divisional reports on pages 7 to 9 and in the group structure on pages 30 to 33.

A list of subsidiary and associated companies,

showing the percentage of issued capital of each owned by the group, is also set out on pages 30 to 33.

Turnover and profit

An analysis, by class of business and geographically, of the group's turnover and profit is shown on page 15.

Overseas assets and earnings

The group has assets employed in the Rhodesian branches of The South African Canvas Company (Pty) Limited of £628,000 (1977 £629,000) including bank deposits of £451,000 (1977 £341,000). Overseas earnings include £38,000 (1977 £52,000) attributable to those branches.

Restrictions on dividends from overseas will result in £398,000 (1977 £506,000) more being retained abroad than might otherwise be the case.

Bank balances and cash include £2,299,000 in respect of funds overseas arising from the deferment of settlement of trading balances.

Exports

The group's exports from the UK during the year amounted to £20.51 million (1977 £11.94 million) including £3.51 million (1977 £2.21 million) to overseas subsidiaries.

Directors

Mr R F Dent retired as a director on 30 November 1978.

Mr J M Fraser retires by rotation and being eligible offers himself for re-election.

Mr H C Bowron, who was appointed a director on 26 May 1978, retires and being eligible offers himself for re-election.

The present directors of the company are shown on page 4. With the exception of Mr H C Bowron they all held office throughout the year.

None of the directors had a material interest at any time during the year in any contract of significance to the company's business.

Directors' interests in shares and debentures are given in a separate schedule on page 12.

Substantial interests

According to the register maintained under the Companies Act 1967 the only person, other than a director, who has notified a substantial interest in the voting share capital of the company is Mr Ian C Low; at 10 April 1979 that interest was in 856,281 ordinary shares of 50p each fully paid (7.7 per cent).

Close company provisions

The directors are satisfied that the company is not a close company in terms of the Income and Corporation Taxes Act 1970.

Personnel

The average number of employees in the UK in each week of the year to 30 November 1978 was 5,430 (1977—4,112).

The aggregate remuneration paid in respect of that year to those employees was £18,995 million (1977—£12,317 million).

The directors maintain their close attention to the wages and conditions of employment of all employees; an updated statement on the wages and conditions of employment of employees in South Africa will be available from 30 September 1979, on written request, from the secretary.

Health, safety and welfare

The established overall policies and objectives of the group in employee health, safety and welfare matters continue to be under the regular and close scrutiny of the directors.

Charitable and political contributions

The Low & Bonar Charitable Fund takes care of most of the group's contributions to charity. This fund contributed £19,325 to charities in the year to 30 November 1978. The capital of this fund was privately subscribed for this purpose. The trustees are the directors of the company. Additionally the group made

donations for charitable purposes of £1,755 and a donation to Common Cause Limited of £200 which might be considered to have been for political purposes.

The directors adhered to their policy of making no contributions to any political party.

Auditors

Thomson McLintock & Co will be proposed for appointment as auditors in accordance with Section 14 of the Companies Act 1976.

The resolution for their remuneration to be fixed by the directors will be proposed at the annual general meeting.

Directors' interests in shares and debentures

According to the register maintained under the Companies Act 1967 the directors' interests (as defined by that Act) in the shares in and debentures of the company were, on 30 November 1978, as follows:

Director	Class	Holding at 30 November 1978		Holding at 1 December 1977 (or date first appointed a director if later)	
		Beneficial interest	Other interest	Beneficial interest	Other interest
V S Lowden	Ordinary, fully paid Ordinary, 2p paid*	205 20,000	504,166 —	205 20,000	504,166 —
G C Bonar	Ordinary, fully paid	300,000	891,913	300,000	891,913
B G Gilbert	Ordinary, fully paid	150	504,166	150	504,166
J M Fraser	Ordinary, fully paid Ordinary, 2p paid*	— 2,000	66,666 —	— 2,000	66,666 —
R F Dent	Ordinary, fully paid	4,999	66,666	4,999	66,666
A J M Miller	Ordinary, fully paid	11,000	504,166	11,000	504,166
D H de Trafford	Ordinary, fully paid Convertible loan stock	238,970 —	75,166 £3,375	238,970 £141,247	82,166 £3,375
H C Bowron	Ordinary, fully paid Convertible loan stock	11,750 —	66,666 —	11,750 —	94,666 £32,400

The register does not record any changes in those interests in the period from 1 December 1978 to 10 April 1979.

Notes:

- (1) Under the heading 'Other interest' is included the interest of every director in 66,666 fully paid ordinary shares as a trustee of The Low & Bonar Charitable Fund and, in the cases of Messrs V S Lowden, G C Bonar, B G Gilbert and A J M Miller, the interest of each in 437,500 fully paid ordinary shares as a trustee of The George Bonar Memorial Fund.
- (2) No director held any beneficial interest in shares in or debentures of any other group company at 30 November 1978.

(3) *An asterisk indicates the names and holdings of those directors who hold shares under the executive share incentive scheme which enables the board to arrange for shares in the company to be allotted to selected senior executives on the terms and conditions laid down in that scheme. No shares have been issued under the scheme during the year ended 30 November 1978.

10 April 1979
By order of the board
D A Reid secretary

The Low & Bonar Group Limited
Statement of accounts (pages 14 to 27)
for the year ended 30 November 1978

Consolidated profit & loss account
for the year ended 30 November 1978

The Low & Bonar Group Limited

Notes		1978 £000	1977 £000
1	Turnover	142,624	113,317
2	Trading profit	7,848	6,070
	Share of earnings of associated companies	813	1,032
3	Profit before taxation	8,661	7,102
	Taxation	4,092	3,458
		4,569	3,644
	Minority interests	640	633
4	Profit after taxation applicable to The Low & Bonar Group Limited	3,929	3,011
	Extraordinary items	769	(264)
	Profit for year	4,698	2,747
	Dealt with in accounts of parent company £2,272,000 (1977-£1,237,000)		
5	Dividends	1,372	1,240
	Profit for year retained	3,326	1,507
6	Earnings per 50p ordinary share	35.22p	31.39p

The notes on pages 18 to 25 form part of these accounts.

Analysis of turnover and profit
for the year ended 30 November 1978

The Low & Bonar Group Limited

Divisional analysis	1978				1977			
	Turnover £000	%	Profit £000	%	Turnover £000	%	Profit £000	%
Packaging	64,128	42.5	2,120	22.6	63,423	52.8	1,656	23.5
Engineering	42,177	28.0	2,836	30.2	20,646	17.2	2,300	32.7
Textiles	44,460	29.5	4,426	47.2	36,011	30.0	3,083	43.8
	150,765	100.0	9,382	100.0	120,080	100.0	7,039	100.0
Group interest and charges			(721)					63
							8,661	
								7,102

Geographical analysis								
	Turnover £000	%	Profit £000	%	Turnover £000	%	Profit £000	%
UK/EEC	88,945	59.0	3,846	41.0	64,843	54.0	2,046	29.1
Canada	31,649	21.0	1,566	16.7	32,200	26.8	1,367	19.4
Africa	30,171	20.0	3,970	42.3	23,037	19.2	3,626	51.5
	150,765	100.0	9,382	100.0	120,080	100.0	7,039	100.0
Group interest and charges			(721)					63
							8,661	
								7,102

Profit is stated before taxation, minority interests and extraordinary items and includes the group's share of associated companies' earnings. Turnover includes:

Sales by group companies to customers

outwith the group **142,624**

Share of sales of associated companies **8,141**

150,765

113,317

6,763

120,080

Consolidated balance sheet
at 30 November 1978

The Low & Bonar Group Limited

Notes	Assets employed	1978 £000	1977 £000
7	Fixed assets	23,912	22,148
8	Associated companies	2,301	2,015
9	Investments at or under cost	196	452
10	Current assets		
	Stocks	30,839	29,992
	Debtors.	31,098	28,676
	Bank balances and cash	5,038	3,374
		66,975	62,042
5	Current liabilities		
	Creditors and bills payable.	22,430	17,778
	Bank loans and overdrafts (partly secured)	13,707	13,857
	Overseas taxation	2,559	2,387
	UK taxation	1,751	2,589
	Dividends	918	1,218
		41,365	37,829
	Net current assets	25,610	24,213
		52,019	48,828
	Financed by		
11	Share capital		
	of The Low & Bonar Group Limited	5,978	5,956
12	Reserves		
	Capital	11,937	11,576
	Revenue	18,358	15,660
		30,295	27,236
13		36,273	33,192
	Exchange reserve	680	2,127
14	Minority interests	5,230	5,194
15	Government grants	1,239	583
16	Deferred taxation	6,311	5,355
	Loan capital	2,286	2,377
		52,019	48,828

Balance sheet
at 30 November 1978

The Low & Bonar Group Limited

Notes	Assets employed	1978 £000	1977 £000
7	Fixed assets	31	—
8	Interest in subsidiaries		
	Shares at cost, less amounts written off	16,779	16,481
	Due by subsidiaries	10,514	6,472
	Due to subsidiaries	(1,673)	(2,604)
		25,620	20,349
8	Associated companies	142	143
9	Investments at or under cost	196	452
	Current assets		
	Debtors	32	81
	Bank balance and cash	82	7
		114	88
		26,103	21,032
	Current liabilities		
	Creditors	461	408
	Bank overdrafts	7,747	3,757
	Overseas taxation	38	55
	UK taxation	1,142	758
5	Dividends	918	1,218
		10,306	6,196
		15,797	14,836
	Financed by		
11	Share capital	5,978	5,956
12	Reserves		
	Capital	3,598	3,489
	Revenue	4,773	3,873
		8,371	7,362
		14,349	13,318
13	Exchange reserve	—	5
15	Deferred taxation	(8)	(18)
16	Loan capital	1,456	1,531
		15,797	14,836

Accounting Policies

(i) Basis of consolidation

The consolidated profit and loss account and consolidated balance sheet include the accounts of the parent company and all subsidiary companies in which the group has an interest of more than 50%. The consolidated profit and loss account also includes the group's share of earnings for the year in associated companies in which the group has an interest of 50% or less, and the consolidated balance sheet includes the group's interest at book values in the net assets of these associates, based on their latest audited accounts.

The effective date for accounting for both acquisition and disposal of subsidiary and associated companies is the earlier of either the date on which consideration passes or the date on which an offer becomes or is declared unconditional. The amount by which consideration paid exceeds the net tangible assets of subsidiaries and associates at the date of acquisition is written off to reserves in the year of acquisition.

There is a continuing option in favour of the group's partners in Bonar & Bemis Limited entitling them to acquire at the then current book value such a number of shares as would give them control. If this option were exercised, the group's holding would be reduced from 55% to 48%.

(ii) Depreciation

The cost of fixed assets is reduced by annual depreciation on a straight line basis to estimated realisable value over the period of the useful life of those assets, except in the case of expenditure on properties held on long leasehold in certain overseas subsidiaries where no depreciation is provided. Depreciation on assets attracting government grants is calculated on their full cost.

(iii) Government grants

Government grants in respect of each year's capital expenditure of UK subsidiaries and associates are credited to the profit and loss account over the period of the estimated useful life of the relevant fixed assets. The government grants shown in the balance sheet represent grants received or receivable to date, less the amounts so far credited to profits.

(iv) Deferred taxation

Provision is made for taxation at current rates on the excess of the book value of fixed assets

qualifying for taxation allowances over the corresponding written down value for taxation purposes; provision is also made for taxation deferred as a result of stock relief. Tax relief which will arise in later years on expenditure for which provision has been made in the accounts is also included.

Advance Corporation Tax in respect of dividends paid and payable, which is estimated to be recoverable against future liabilities to corporation tax is offset against deferred taxation.

(v) Stock valuation

Raw materials and bought-in components are valued on the basis of actual cost including freight and handling charges, or net realisable value if lower.

Work-in-progress and finished goods are valued at the lower of cost or net realisable value. Cost comprises material, labour and attributable production overheads; in the case of certain overseas subsidiaries cost on this basis is determined by reference to selling price less a deduction to reduce inventory to production cost.

(vi) Past service pension obligations

Normal annual payments, less taxation relief, in respect of past service pension obligations relating to employees and directors are charged to group pension provision, the balance of which is included in creditors. Additional payments, net of tax relief, to supplement retirement benefits are charged as extraordinary items in the profit and loss account.

(vii) Foreign currencies

Overseas currencies are converted to sterling at exchange rates ruling on the financial year end date except in the case of certain overseas associates where conversion is made at rates ruling on the financial year end dates of those associates. Exchange differences arising on conversion are dealt with in exchange reserve.

**Note 1
Turnover**

Turnover is the total amount of sales during the year by The Low & Bonar Group Limited and its subsidiary companies to customers outwith the group. It excludes sales of associated companies amounting to £17,189,000 (1977 – £14,385,000) of which the share attributable to the group's holdings in these companies was £8,141,000 (1977 – £6,763,000).

**Note 2
Trading profit**

	1978 £000	1977 £000
Trading profit is stated after charging		
Depreciation of fixed assets (Note 7)	3,459	2,722
Remuneration of directors (Note 17)	164	165
Audit fees	208	161
Interest on bank loans and overdrafts	1,255	789
Interest on loans wholly repayable within five years	42	25
Debenture and loan stock interest	246	69
and after crediting		
Government grants on capital expenditure	168	97
Interest on funds arising from deferment of settlement of overseas trading balances	43	62
Other interest	81	45
Income from investments		
Listed	42	61
Unlisted	5	9

**Note 3
Taxation**

	UK 1978 £000	Overseas 1978 £000	UK 1977 £000	Overseas 1977 £000
Company and subsidiaries—				
Corporation tax at 52% (1977 – 52%) on profit of year and on income of subsidiaries distributed in the year and since	1,119		1,157	
Less – Double taxation relief	1,071			829
	48			328
Overseas taxes		2,141		1,827
Deferred taxation	1,466	88	708	151
	1,514	2,229	1,036	1,978
Adjustments of previous years—				
Deferred taxation	(26)	4	(282)	—
Other taxation	(9)	27	265	—
	1,479	2,260	1,019	1,978
Associates—				
Corporation tax at 52% (1977 – 52%) on profit of year	67		166	
Overseas tax		255		338
Deferred taxation	4	27	(55)	8
Adjustments of previous years	—	—	4	—
	71	282	115	346
	1,550	2,542	1,134	2,324

The undistributed profits of the overseas subsidiaries and associates are liable to UK taxation if distributed as dividends subject to set-off in respect of ACT and double taxation relief.

Note 4

Extraordinary items

	1978 £000	1977 £000
Expenses of reorganisation, relocation and closure of operations—		
Subsidiaries, less taxation relief £464,000	(680)	(45)
Associates	—	(2)
Gain on sale of fixed assets, less taxation £159,000	451	25
Gain (1977—Loss) arising on sale of investments, less taxation £351,000	1,176	(71)
Gain arising on part disposal of interest in associated company, less taxation £45,000	104	—
Goodwill of associated company written off	(116)	—
Additional provision for retirement benefits, less taxation relief £169,000	(155)	—
Expenses of acquisition of subsidiary companies	(11)	(183)
Surplus arising on redemption of debentures in subsidiary	—	12
	769	(264)

Note 5

Dividends

	1978 £000	1977 £000
On first, second and third cumulative preference stock—		
Half year to 31 May 1978 (paid)	8	8
Half year to 30 November 1978 (since paid)	8	8
	16	16
On ordinary shares—		
Interim dividend of 4.00p (paid 15.11.78) (1977—3.50p paid 15.12.77)	446	389
Final dividend of 8.1605p (proposed) (1977—7.39p)	910	821
Dividend of 6.5p per share	—	14
	1,372	1,240

The dividend of 6.5p per share, equivalent to the final dividend for 1976, was paid in 1977 in respect of 215,490 shares issued as part consideration for the acquisition of the whole of the issued share capital of Craiks Limited.

Note 6

Earnings per 50p ordinary share

	1978 £000	1977 £000
Earnings per share have been calculated as follows—		
Earnings before extraordinary items	3,929	3,011
Deduct—preference dividend	16	16
	3,913	2,995
Basic earnings per share	35.22p	31.39p

The basic earnings per share are based on the weighted average of ordinary shares in issue throughout the year of 11,111,514 (1977—9,541,959).

Fully diluted earnings are 33.36p (1977—25.07p) per share, based on adjusted earnings of £4,006,000 (1977—£3,011,000) after adding back interest net of corporation tax on the 12½% convertible unsecured loan stock 1982 and on ordinary shares of 12,008,396 comprising shares in issue at the year end dates to which are added the maximum number of shares that would have been issued assuming full conversion.

Note 7
Fixed assets

	Freehold property £000	Leasehold property £000	Plant and equipment £000	Know how £000
At cost or valuation				
At 30 November 1977	12,517	1,297	37,890	196
Exchange adjustment	(595)	(62)	(1,595)	—
Arising from acquisitions	—	14	398	—
Transfer	(26)	32	(6)	—
Additions	1,094	138	5,231	—
Disposals and retirals	(64)	(5)	(4,563)	(196)
Adjustment for government grants	38	—	213	—
At 30 November 1978	12,964	1,414	37,568	—
Representing items at				
Cost	11,903	722	37,568	—
Valuation in 1922	201	—	—	—
1948	130	—	—	—
1963	173	—	—	—
1964	170	—	—	—
1969	122	—	—	—
1973	145	—	—	—
1974	120	—	—	—
1976	—	213	—	—
1977	—	479	—	—
	12,964	1,414	37,568	—
Depreciation at 30 November 1977	4,545	81	24,930	196
Exchange adjustment	(217)	—	(993)	—
Arising from acquisitions	—	9	171	—
On disposals and retirals	(39)	—	(3,940)	(196)
Charge for year	332	18	3,119	—
Adjustment for government grants	4	—	14	—
Aggregate depreciation at 30 November 1978	4,625	108	23,301	—
	1978 £000	1977 £000		
Net book value				
Freehold property	8,339	7,972		
Leasehold property	1,306	1,216		
Plant and equipment	14,267	12,960		
	23,912	22,148		

The above tabulation includes the undernoted figures relating to the parent company viz:

	Short-term Leasehold property	Equipment
Cost	6	29
Depreciation	1	3
	5	26

With the exception of the parent company leasehold property comprises leaseholds of over 50 years unexpired.

During the year a reappraisal was made of the estimated useful life of the fixed assets of the GHP group of companies. The reappraisal was implemented by adopting the straight line method of writing off depreciation used by other group members. The effect of the reappraisal on the depreciation charge for the year is insignificant. At the same time, the treatment of government grants on capital expenditure in this subsidiary group was brought into line with group accounting policy.

In accordance with the policy adopted in previous years no depreciation has been provided on properties held on long leasehold in certain overseas subsidiaries. This policy does not comply with the international standard on depreciation accounting which requires that depreciation be provided on such leasehold properties. Such depreciation would have amounted to approximately £19,000 in the year.

**Note 8
Subsidiary
and associated
companies**

Particulars of the group's interests in the issued share capital of subsidiary and associated companies are shown on pages 30 to 33.

The audited accounts on which the inclusion of the group's interests in subsidiary companies is based are all made up to 30 November 1978.

The audited accounts on which the inclusion of the group's interests in associated companies is based cover the following periods, viz:

NV Fibrilo SA	12 months to 30 September 1978
Bonar Long NTC (SA) (Pty) Limited	9 months to 30 September 1978
Prince Edward Island Bag Co Limited	12 months to 30 November 1978
McAlpine Humberoak Limited	12 months to 30 November 1978
Bibby & Kardon Limited	12 months to 30 November 1978

The aggregate amount of income received and receivable from associated companies by The Low & Bonar Group Limited and its subsidiaries in the year ended 30 November 1978 amounted to £228,000 (1977 – £264,000).

**Note 9
Investments**

	At or under cost 1978 £000	1977 £000	Valuation 1978 £000	1977 £000
Listed on a stock exchange in Great Britain	—	55	—	498
Listed on a stock exchange abroad	174	339	847	1,647
	174	394	847	2,145
Unlisted	22	58	31	207
	196	452	878	2,352

The valuation of listed investments is stated at market value; the valuation of unlisted investments has been made by the directors.

The values of investments listed on stock exchanges outside Great Britain have been converted into sterling at the rates of exchange ruling on 30 November 1978 including where applicable 100% (1977 – 75%) amounting to £220,000 (1977 – £369,000) of the investment dollar premium of 33.38% (1977 – 37.75%).

No provision has been made for the taxation liability estimated to amount to £139,000 (1977 – £411,000) on chargeable gains which would have arisen had the investments been realised at the values stated at 30 November 1978.

**Note 10
Stocks**

	1978 £000	1977 £000
Raw materials	11,866	13,366
Work-in-progress	7,388	6,734
Finished goods	11,035	9,184
Stores	550	708
	30,839	29,992

Note 11
Share capital of
The Low & Bonar
Group Limited

	1978 £000	1977 £000
Authorised		
6% (now 4.2% plus tax credit) first cumulative preference stock	100	100
6% (now 4.2% plus tax credit) second cumulative preference stock	100	100
5½% (now 3.85% plus tax credit) third cumulative preference stock	200	200
16,000,000 ordinary shares of 50p each	8,000	8,000
	<hr/>	<hr/>
	8,400	8,400
Issued		
6% (now 4.2% plus tax credit) first cumulative preference stock	100	100
6% (now 4.2% plus tax credit) second cumulative preference stock	100	100
5½% (now 3.85% plus tax credit) third cumulative preference stock	200	200
11,152,217 (1977 - 11,107,814) ordinary shares of 50p each	5,576	5,554
98,000 ordinary shares of 50p each, 2p paid	2	2
	<hr/>	<hr/>
	5,978	5,956

In October 1978 holders of £75,484 12½% Convertible Unsecured Loan Stock 1982 exercised their right to convert such Loan Stock into fully paid ordinary shares of 50p each in the company on the basis of 1 share for every £1.70 nominal of Loan Stock. Accordingly 44,403 ordinary shares of 50p each were issued on 1 November 1978 resulting in an addition to share premium account of £53,000.

Note 12
Reserves

	Company £000	Sub- sidiaries £000	Associates £000	Total £000
Capital				
At 30 November 1977				
Share premium account	3,251	—	—	3,251
Other	238	7,948	139	8,325
	<hr/>	<hr/>	<hr/>	<hr/>
3,489	7,948	139	11,576	
Adjustment arising in connection with subsidiary and interest in associate acquired in previous year	—	(210)	6	(204)
Premium on shares issued on conversion of unsecured loan stock	53	—	—	53
Goodwill arising on acquisition of subsidiaries and interest in associates in year	—	(100)	(3)	(103)
Adjustment in respect of loan by parent company to subsidiary	56	(56)	—	—
Capitalised in subsidiary companies	—	615	—	615
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 November 1978	3,598	8,197	142	11,937
Being – Share premium account	3,304	—	—	3,304
Other	294	8,197	142	8,633
	<hr/>	<hr/>	<hr/>	<hr/>
3,598	8,197	142	11,937	
Revenue				
At 30 November 1977	3,873	10,228	1,559	15,660
Adjustment arising on part disposal of interest in associate	—	—	(13)	(13)
Capitalised in subsidiary companies	—	(615)	—	(615)
Profit for year retained	900	2,311	115	3,326
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 November 1978	4,773	11,924	1,661	18,358

**Note 13
Exchange reserve**

	Company £000	Sub- sidiaries £000	Associates £000	Total £000
At 30 November 1977	5	2,055	67	2,127
Adjustment arising on conversion of the group's share of net assets of overseas subsidiaries and associates at exchange rates ruling at 30 November 1978 or in the case of associates (Note 8) at their financial year end date	(5)	(1,379)	(76)	(1,460)
Adjustment arising on conversion of remittances from subsidiaries and associates	—	10	3	13
At 30 November 1978	—	686	(6)	680

**Note 14
Government grants**

	Subsidiaries £000
At 30 November 1977	583
Grants previously netted off against fixed assets in subsidiary acquired in previous year	233
Grants in respect of capital expenditure in year	607
Transferred to profit and loss account	(168)
Transferred to extraordinary items on closure of subsidiaries	(16)
At 30 November 1978	1,239

**Note 15
Deferred taxation**

	1978 £000	1977 £000
Deferred in respect of		
(i) Timing differences on depreciation allowances for fixed assets	4,862	3,476
(ii) Timing differences on other expenditure	(527)	(44)
(iii) Stock appreciation relief	4,143	3,393
Advance Corporation Tax recoverable	8,478	6,825
	2,167	1,470
	6,311	5,355
Held in—		
Parent company	(8)	(18)
Subsidiary companies	6,273	5,355
Associated companies	46	18
	6,311	5,355

**Note 16
Loan capital**

	1978 £000	1977 £000
Parent company	1,456	1,531
12½% convertible unsecured loan stock 1982		
Every £1.70 nominal of this stock is convertible on 1 November in any year 1979 to 1982 inclusive into one ordinary share of 50p fully paid; all stock outstanding must be repaid no later than on 31 December 1982.		
Subsidiaries		
6½% debenture stock 1984/1989 (secured)	458	458
6% first mortgage debenture stock (secured)	8	24
5½% debenture stock 1983/88 (secured)	364	364
	2,286	2,377

Note 17**Remuneration of the directors of the company for the year**

	1978	1977
	£	£
Fees	6,185	4,179
Other emoluments	136,823	138,128
Superannuation contributions	21,143	23,027
	164,151	165,334

Particulars of directors' emoluments for the year in terms of Section 6 of the Companies Act 1967 are as follows:—

Emoluments of chairman	15,121	17,745
Emoluments of highest paid director	37,022	33,407

The number of directors including the above, whose actual emoluments (excluding superannuation contributions paid by the company) fell within the following ranges were:—

£0—£2,500	—	1
2,501— 5,000	—	1
5,001— 7,500	1	—
7,501—10,000	1	—
10,001—12,500	1	—
15,001—17,500	2	—
17,501—20,000	—	3
20,001—22,500	—	1
22,501—25,000	1	—
25,001—27,500	1	1
32,501—35,000	—	1
35,001—37,500	1	—

Note: The number of executives other than directors whose emoluments fell within the following ranges was—

£10,000—£12,500	2	1
15,001— 17,500	1	2

Note 18**Contingent liabilities**

Guarantees in respect of bank and other loans and indemnities up to a maximum of

	£000	£000
	3,788	4,141

Note 19**Capital commitments**

	1978	1977
	£000	£000
(i) The aggregate amount of contracts for capital expenditure so far as not provided in the accounts was	2,576	2,318
(ii) The aggregate amount of capital expenditure authorised by directors but not contractually committed at 30 November 1978 amounted to	859	1,555
(iii) In addition, capital expenditure contracted for and authorised by the directors of the associated companies as at the date of the last audited accounts amounted to Nil (1977 — £784,000). The proportion of this expenditure applicable to the group amounts to	—	392

Note 20
Financial year end

The group does not operate to a calendar month-end accounting timetable. The accounts are for the period of 53 weeks ended 2 December 1978 (1977 — 52 weeks ended 26 November) except in certain overseas subsidiaries where local conditions require that accounts be made up to the calendar month-end of 30 November.

Statement of source and application of funds

The Low & Bonar Group Limited

Source of funds

	1978 £000	1977 £000
Profit before tax, extraordinary items and minority interests	8,661	7,102
Extraordinary items before applicable taxation	691	(269)
	<hr/>	<hr/>
Adjustment for items not involving the movement of funds—	9,352	6,833
Depreciation	3,469	2,722
Deferred taxation, including amounts arising in subsidiaries acquired	89	3,944
Exchange differences on opening net current assets of overseas subsidiaries	(831)	(1,118)
Profits retained in associates	(115)	(310)
	<hr/>	<hr/>
Funds generated from operations	11,964	12,071
Funds from other sources—		
Shares issued in consideration for the acquisition of a subsidiary, including premium	75	3,179
Adjustment of surplus arising on acquisition of subsidiaries in previous year	(210)	353
Goodwill arising on acquisition of subsidiaries	(100)	772
Increase in minorities arising from acquisition less adjustment arising in respect of minority interests acquired in year	66	254
Realisation of investments	256	157
Net increase in debenture stock of subsidiaries	—	358
Convertible unsecured loan stock issued	—	1,531
Regional development grants	656	311
	<hr/>	<hr/>
Total funds generated	12,707	18,986

Application of funds

Loan repaid	91	—
Dividends paid	1,672	918
Tax paid, including ACT	3,812	2,163
Fixed assets purchased, less disposals	6,294	9,121
Acquisition of associates	236	84
Dividends paid to minorities	171	176
	<hr/>	<hr/>
12,276	12,462	
Increase in working capital –		
Increase in stock	847	8,298
Increase in debtors	2,422	7,028
(Increase) in creditors	(4,652)	(4,609)
	<hr/>	<hr/>
(1,383)	10,717	
Movement in liquid funds –		
Increase in cash and bank balances	1,664	1,702
(Increase) in bank loans and overdrafts	150	(5,895)
	<hr/>	<hr/>
1,814	(4,193)	
Total funds applied	12,707	18,986

To the members of The Low & Bonar Group Limited

We have audited the accounting records of The Low & Bonar Group Limited for the year ended 30 November 1978 and have examined the reports of the auditors of those subsidiary and associated companies not audited by us. The accounts on page 14 and pages 16 to 26, which have been drawn up under the historical cost convention, including the revaluation of certain assets, have been properly prepared in accordance with the provisions of the Companies Acts 1948 and 1967.

In our opinion these accounts give under the historical cost convention a true and fair view of the state of affairs of the company and, so far as concerns the members, of the state of affairs, profit and source and application of funds of the group.

Thomson McLintock & Co

Chartered Accountants
Dundee

10 April 1979

Ten year record

<i>Figures in £000's</i>	1978	1977	1976
Turnover excluding inter-group sales	142,624	113,317	83,438
Trading profit	7,848	6,070	5,354
Share of earnings of associated companies	813	1,032	1,227
Profit before tax	8,661	7,102	6,581
Profit after tax	4,569	3,644	2,995
Earnings applicable to ordinary shareholders	4,682	2,731	2,245
Ordinary dividends	1,356	1,224	888
Retained in business	3,326	1,507	1,357
Earnings per share excluding extraordinary items	35.2p	31.4p	29.3p
Fixed assets	23,912	22,148	17,009
Investments—			
Associated companies	2,301	2,015	2,908
Portfolio	196	452	609
Net current assets	25,610	24,213	20,328
Assets employed	52,019	48,828	40,854
Financed by—			
Ordinary shareholders funds			
Ordinary capital	5,578	5,556	4,556
Reserves	30,295	27,236	22,982
Ordinary shareholders funds	35,873	32,792	27,538
Exchange reserve	680	2,127	4,316
Preference & minority interests	5,630	5,594	5,474
Government grants	1,239	583	335
Secured loans	2,286	2,377	488
Deferred taxation	6,311	5,355	2,703
Total	52,019	48,828	40,854

1975	1974	1973	1972	1971	1970	1969
64,660	61,596	45,425	39,980	36,836	33,739	30,565
4,684	5,964	3,722	3,204	3,124	2,367	1,805
680	794	587	375	309	328	217
5,364	6,758	4,309	3,579	3,433	2,695	2,022
2,491	3,680	2,154	1,766	1,755	1,394	1,000
2,022	2,643	1,705	1,475	1,406	1,191	878
724	624	598	649	800	700	700
1,298	2,019	1,107	826	606	491	178
23.6p	34.0p	20.5p	17.7p	18.3p	14.5p	9.9p
12,503	9,833	8,599	7,534	6,460	5,446	5,009
2,077	1,852	1,535	1,219	967	800	783
548	585	596	791	820	1,569	1,958
15,401	14,056	12,213	10,888	10,222	9,424	8,435
30,529	26,326	22,943	20,432	18,469	17,239	16,185
4,086	4,033	4,012	4,002	4,000	4,000	4,000
17,568	16,005	14,101	12,473	11,370	10,556	9,932
21,654	20,038	18,113	16,475	15,370	14,556	13,932
1,869	1,050	976	546	205	398	100
4,488	3,918	3,089	2,644	2,364	2,244	2,078
320	231	—	—	—	—	—
—	—	—	471	445	—	—
2,198	1,089	765	296	85	41	75
30,529	26,326	22,943	20,432	18,469	17,239	16,185

Group structure
as at 30 November 1978

Packaging division

UK companies specialise in the extrusion and conversion of film and the manufacture of paper and polythene retail packaging, cartons and paper. Customers include leading food and toy manufacturers and major stores. The group is one of the UK's largest suppliers of shrink wrap and is also making significant headway in the growing pallet stretch wrap market.

In Canada the group is the largest independent producer of multiwall paper bags and plastic flexible packaging and the largest manufacturer of textile bags. In addition, one unit manufactures packaging machinery to complement the range of packaging products. Output in Canada also includes cartons, shrink and stretch film, foil and woven plastic bags, coated papers and co-extruded films.

Principal subsidiary companies	England	Bibby & Baron (Holdings) Limited	*100%
		<i>Preference</i>	*100%
		Bibby & Baron Cartons Limited	100%
		Bibby & Baron (Leominster) Limited	100%
		Bibby & Baron, Limited	100%
		Bibby & Baron Polythene Limited	100%
		James Nichols & Son Limited	100%
		Poynton, Fry & Co Limited	100%
		Stancliff Brothers Limited	100%
		John Wild & Sons Limited	100%
		George Wilton & Co Limited	100%
Scotland	Low & Bonar Packaging Limited	*100%	
		Gravure Cylinders Limited	*100%
		J E Small Limited	100%
Canada	Bonar & Bemis Limited	55%	
		Bonar Packaging Limited	*100%
		<i>Preferred</i>	*100%
		The Canadian Bag Co Limited	100%
Principal associated companies and particulars of their issued share and loan capital	England	Bibby & Kardon Limited	50%
		<i>10,000 ordinary shares of £1 each</i>	
		The Prince Edward Island Bag Co Limited	50%
	Canada	<i>5,000 class A common shares NPV</i> <i>2,140 class C common shares NPV</i> <i>2,860 class D common shares NPV</i>	
		Mid-West Sales & Service (1978) Limited	75% (37.5%)
		<i>5,000 common shares NPV</i>	

Notes

- 1 Unless otherwise stated, shares held are ordinary, common or unclassified.
- 2 The proportion of the nominal value of issued shares held is shown following the name of each company. Where the effective interest of The Low & Bonar Group differs from that figure, it is shown in brackets.
- 3 *An asterisk indicates that the percentage of share capital shown is held directly by The Low & Bonar Group Limited.
- 4 In addition to the above companies, there were 32 small non-trading or property holding companies.
- 5 The companies listed were all incorporated in the country under which they are shown and, with the exception of Flotex Limited, that country is also the principal country of operation. Flotex Limited operates mainly in England.

Engineering division

The division consists of highly specialised companies with the advantage of being small to medium sized while at the same time being significant innovators and manufacturers in their sectors of industry. They serve world markets, chiefly from UK based operations; however, overseas manufacturing units are being set up where appropriate.

Company activities include the manufacture of transformers, rectifiers, switch and control gear for the electrical and electronic control of power and motors. Metallurgical engineering products include special stainless, copper and nickel based alloys and chemical valves. Additionally, measuring instruments are produced in the form of counters and electrical analytical equipment. Heavy machine tools, manufactured in a range of plate-bending and edge-preparation equipment, are supplied to fabrication and ship building markets throughout the world.

Principal subsidiary companies	England	G H P Group Limited	*100%
		E N Bray Limited	100%
		Brentford Electric Limited	100%
		Brentford Electronics Limited	51%
		Counting Instruments Limited	100%
		Counting-Sfernice Limited	60%
		G H P Services Limited	100%
		Grosvenor Hypower Limited	100%
		Langley Alloys, Limited	100%
		London Hydraulic Power Company	100%
		Roscoe & Howard Limited	100%
		Volfield Limited	100%
		Westcroft Foundry Limited	100%
	Scotland	Bonar, Long & Company, Limited	*100%
		Bonar Cruickshank Power Engineering Limited	60%
		Haddingtonshire Fabricators Limited	*60%
		Hugh Smith (Glasgow) Limited	100%
	Germany	Deutsche Langley Alloys GmbH	100%
	Kenya	Harrtz & Bell (1963) Limited	65% (52.42%)
		Mecol Limited	100% (52.42%)

Principal associated companies and particulars of their issued share and loan capital	Scotland	McAlpine Humberoak Limited <i>10,000 shares of £1 each</i>	*35%
		Humberoak Personnel Services Limited <i>100 ordinary shares of £1 each</i>	100% (50%)
	India	Brentford Electric (India) Limited <i>125,000 shares of 10 Rupees each</i>	40%
	Malaysia	Malaysia Transformer Manufacturing Sdn Bhd <i>5,000,000 ordinary shares of M\$1 each</i>	35%
	South Africa	Bonar Long NTC (SA) (Pty) Limited <i>300,000 shares of R1 each</i>	50%
		Bonar Long NTC Switchgear (Pty) Limited <i>4,000 shares of R1 each</i>	100% (50%)

Textiles division

The activities of the textile-related operations are almost as varied as those in the engineering division. Throughout Africa the group manufactures tents, tarpaulins and vehicle covers. Some companies also produce protective clothing, rainwear and uniforms. In Zambia, an extensive range of fashionwear, ties and belts is also made. And, in South Africa, one group operation manufactures interlinings for the garment industry.

In the UK and Belgium the group caters for the home. Three operations extrude or weave polypropylene yarn and tape, mainly for the tufted carpet industry; other units produce furnishing fabrics and curtains. A unique, electrostatically flocked carpet, aimed originally at the contract market, is now also being produced for the domestic purchaser.

Principal subsidiary companies	Scotland	Low & Bonar Textiles Limited	*100%
		Craiks Limited	*100%
		Flotex Limited	*100%
		Forfar Fabrics Limited	100%
		G & J Johnston (Wemyss) Limited	100%
		Polytape Limited	*100%
		<i>Preference</i>	*100%
		Synthetic Fabrics (Scotland) Limited	*100%
		<i>Preference</i>	*100%
		Wemyss Textiles Limited	*100%
		<i>Preference</i>	*100%
		Wemyss Weavercraft Limited	100%
		TWighton & Co, Limited	100%
Kenya	Low & Bonar (EA) Limited	*80.65%	
	Tarpaulin Industries (West Africa) Limited	*59.7%	
	African Oilskin Industries (Pty) Limited	85%	
	Canvacor (Pty) Limited	100%	
Nigeria	Flotex South Africa (Pty) Limited	*100%	
	The South African Canvas Company (Pty) Limited	*100%	
	Staflex (Africa) (Pty) Limited	90%	
	Colwyn, Low & Bonar Limited	*72.6%	
South Africa	The Canvas Company of Central Africa Limited	100% (72.6%)	
	Modern Garments Limited	100% (72.6%)	
Principal associated companies and particulars of their issued share and loan capital	Belgium	NV Fibrilo SA	*50%
		<i>24,000 shares of BF 1,000 each</i>	

Financial diary

Announcement of results

Half year	18 September 1978
Year	2 April 1979
Accounts posted	9 May 1979
Annual general meeting	31 May 1979

Dividend and interest payments

Ordinary shares	
Interim	November
Final	June
Preference stock	
6% First cumulative	1 March and 1 September
6% Second cumulative	1 March and 1 September
5½% Third cumulative	1 March and 1 September
Loan stock	
12½% Convertible unsecured loan stock 1982	30 April and 31 October

Loan stock conversion date

12½% Convertible unsecured loan stock 1982	1 November
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Capital gains tax base values

Market values on 6 April 1965	
Ordinary shares	160p per share
6% First cumulative preference stock	73½p per £1 unit
6% Second cumulative preference stock	73½p per £1 unit
5½% Third cumulative preference stock	68½p per £1 unit

From its varied textiles operations in UK, Africa and Belgium the group's product range now extends from clothing to curtains, carpets to carpet backing and tea towels to tents. In 1978 £2.2 million was spent by group textiles companies on the upgrading of their production facilities.

